

Department of Administration

Analyst: Milstead

Historical Summary

OPERATING BUDGET	FY 2004 Total App	FY 2004 Actual	FY 2005 Approp	FY 2006 Request	FY 2006 Gov Rec
BY PROGRAM					
Administrative Rules	527,300	470,800	528,900	547,000	542,000
Director's Office	1,302,100	1,155,300	1,329,300	1,392,700	1,384,000
Info. Tech. & Communication	4,017,800	3,888,100	4,030,700	4,529,500	4,295,500
ITRMC	664,800	423,300	748,800	712,400	707,300
Office of Insurance Management	1,346,200	1,196,500	1,351,900	1,401,100	1,390,000
Public Works	9,075,700	6,810,300	9,627,100	10,887,400	9,866,600
Purchasing	3,425,400	2,865,500	3,339,800	3,502,900	3,475,900
Bond Payment	11,087,600	11,024,300	15,973,400	16,042,000	23,707,000
Total:	31,446,900	27,834,100	36,929,900	39,015,000	45,368,300
BY FUND CATEGORY					
General	8,814,700	8,699,900	8,887,900	11,107,800	9,953,700
Dedicated	22,632,200	19,131,700	28,042,000	27,907,200	35,414,600
Federal	0	2,500	0	0	0
Total:	31,446,900	27,834,100	36,929,900	39,015,000	45,368,300
Percent Change:		(11.5%)	32.7%	5.6%	22.8%
BY OBJECT OF EXPENDITURE					
Personnel Costs	9,155,200	8,287,000	9,504,800	10,067,500	10,031,000
Operating Expenditures	15,274,300	13,324,400	18,563,000	20,903,900	24,273,800
Capital Outlay	7,017,400	6,222,700	8,862,100	8,043,600	11,063,500
Total:	31,446,900	27,834,100	36,929,900	39,015,000	45,368,300
Full-Time Positions (FTP)	173.10	173.10	173.50	173.50	173.50

Division Description

OFFICE OF ADMINISTRATIVE RULES: Structures, promulgates, and disseminates all administrative rules subject to the Idaho Administrative Procedure Act.

DIRECTOR'S OFFICE: Provides administrative, fiscal, legal, and human resources services to the Department. Administers the Industrial Special Indemnity Fund. The Office also administers the Bond Payment program (created by the 2003 Legislature) which consolidates within a single program funds to pay for capital projects financed with bonds sold by the Idaho State Building Authority.

DIVISION OF INFORMATION TECHNOLOGY & COMMUNICATION: Operates the IDANET, coordinates Internet, electronic mail, telephone, data and video transmission services, and the statewide microwave system.

INFORMATION TECHNOLOGY RESOURCE MANAGEMENT COUNCIL (ITRMC): Facilitates a centralized and coordinated approach to the design, procurement and implementation of the state's information systems.

OFFICE OF INSURANCE MANAGEMENT: Negotiates and administers medical, dental, life and disability insurance programs and the Integrated Behavioral Health Plan for state employees, provides property and casualty insurance services to state government via insurance and self-insurance.

DIVISION OF PUBLIC WORKS: Develops and oversees construction and renovation projects for state buildings, and manages leases for all state-leased office space.

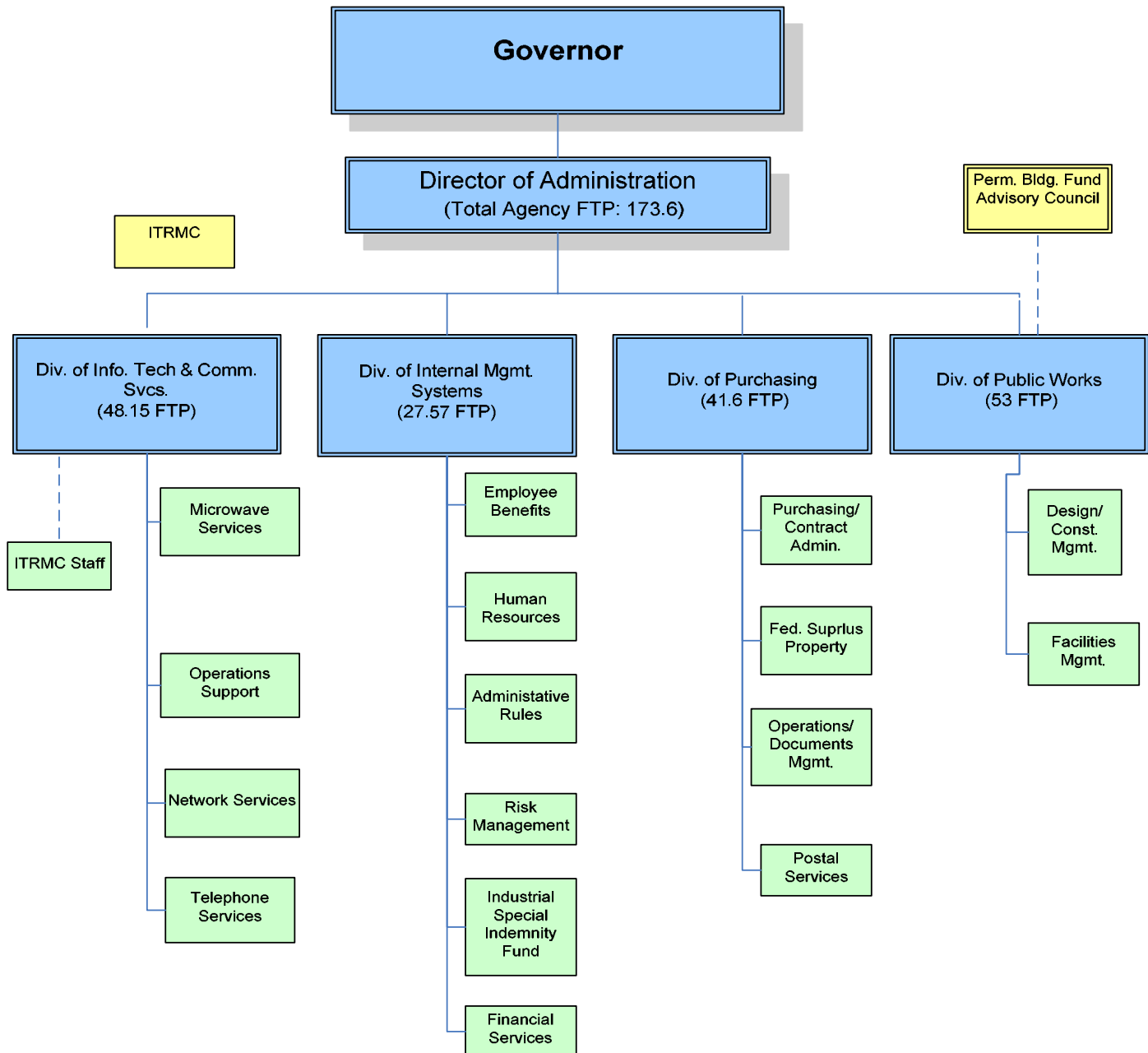
DIVISION OF PURCHASING: Acquires property for all state agencies through the competitive bidding process, provides document management services, assists in the donation of surplus federal property to state and local government and eligible non-profits, and provides mail services to most state agencies.

Department of Administration

Agency Profile

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Organizational Chart



Agency Profile

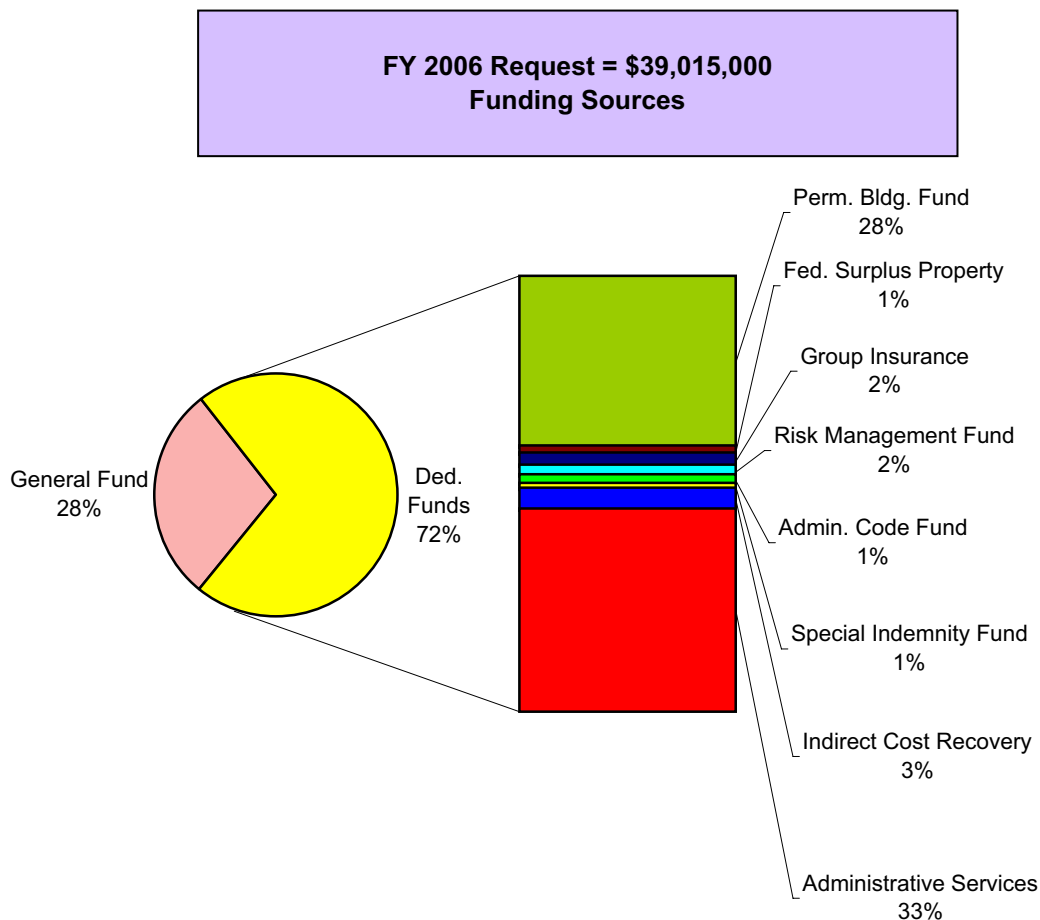
Sources/Use of Funds

		Act. as %		
	FY04 Act.	of Total	FY05 App.	FY06 Req.
1 General Fund (0001-00)	\$8,699,900	31%	\$8,887,900	\$11,107,800
The General Fund consists of "moneys received into the treasury and not specially appropriated to any other fund." The sources are individual income tax, corporate income tax, sales tax, cigarette tax, beer tax, wine tax, and other misc. sources. The Department uses General Fund money for the operational costs of the Director's Office; a portion of the Division of Purchasing's costs; State-Wide Area Network operations, Capitol Mall rent for elected officials and payment of building bonds.				
2 Indirect Cost Recovery (0125-00)	\$1,076,000	4%	\$1,214,500	\$1,295,400
This consists of charges to other bureaus within the Department to allocate administrative overhead costs. Funds are used to pay salaries, operating costs, and capital equipment costs for centralized administrative functions for the entire department. For example, accounting positions for the department are funded from overhead charges to all the department's divisions.				
3 Perm Bldg. Fund (0365-00)	\$5,771,000	21%	\$11,844,700	\$11,024,100
This Fund consists of the following: a \$10 tax paid by every person and corporation required to file an income tax return; \$5 million per year comes from the Sales Tax; 17.3% of 47 cents of the per pack cigarette tax; 33% of the \$4.65 tax per barrel of 31 gallons of beer sold; one-half of state lottery earnings; interest from the Budget Stabilization Fund as well as interest from the PBF itself. Moneys in the Fund are dedicated to building needed structures and renovating or repairing existing structures at the several agencies of state government. The Division of Public Works receives partial funding from this fund and some building bond payments come from this fund.				
4 Admin. & Acctg. Svcs. (0450-00)	\$9,951,900	36%	\$12,354,800	\$12,870,800
Revenue derived from billing for services including radio, microwave, telephone, postal, building space, parking, purchasing, record management. Provides funding for interagency services provided by the department. Some building bond payment come from this fund.				
5 Employee Group Ins. (0461-00)	\$653,100	2%	\$710,800	\$733,500
Funded by a per employee payment by each agency to the Department to fund the Group Insurance Program.				
6 Retained Risk (0462-00)	\$543,400	2%	\$641,100	\$667,600
Funds from all premiums and surcharges received under Idaho Code section 67-5777. Used solely for payment of premiums and cost of Insurance Management.				
7 Admin Code (0475-05)	\$470,800	2%	\$528,900	\$547,000
Moneys generated from user fees covers the on-going operational costs of the program.				
8 Industrial Indemnity (0519-00)	\$227,400	1%	\$282,800	\$292,100
Used to pay claimants who have suffered an industrial injury subsequent to either a pre-existing physical impairment or condition which render the claimant totally and permanently disabled.				
9 Surplus Property (0456-00)	\$440,600	2%	\$464,400	\$476,700
Used to manage federal surplus personal property, available for donation to eligible health and educational institutions, units of state and local government, and to civil defense organizations. Funds are derived from charges assessed on any recipient of federal surplus property for the acquisition, warehousing, distribution or transfer of such property.				
Total	\$27,834,100		\$36,929,900	\$39,015,000

Agency Profile

Selected Measures

Fiscal Year	FY 2002 Act	FY 2003 Act	FY 2004 Act	FY 2005 Est
1 State Facility Management				
Lease renewals not-to-exceed 3%	0.929%	1.2%	-3.1%	< 2.0%
Reduce power consumption (kWh)	18,256,127	16,060,066	17,160,831	*
2 Public Works Management				
Large projects plans checked (days)	*	21.83 days	21 days	< 21 days
Small projects plans checked (days)	*	43.48 days	33.6 days	< 14 days
# of projects 5% over budget	10.66%	14.18%	14.42%	*
Project design on-time	*	80%	88%	83.60%
3 Information Technology				
Conduct 4 regional IT meetings (rural)	4 meetings	11 meetings	9 meetings	> 4 meetings
Increase projects using Access Idaho	48	60	82	85
No more than 5% exempt to ITRMC	0%	2%	1%	< 5%
Final step microwave modernization	75% complete	--	Salmon comp.	--



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FY 2006 Estimated Debt Service on Bonded Indebtedness

Proj. No.	Description	Initial Issue	Maturity Date	Est. Bond Payment*	Source
1	Indust. Admin Bldg	\$3,835,000	2006	\$365,503	Gen Fund
2	1988 Max/Med prisons	31,295,000	2010	2,405,568	PBF
3	1992 Prison Dorm	3,030,000	2012	262,297	PBF
4	St. Hosp. North	8,210,000	2012	724,428	PBF
5	Parks & Rec Hdqtrs.	3,125,000	2008	323,223	Gen Fund
6	1998 Prison Complex	58,985,000	2025	4,067,961	Gen Fund
7	Ponderosa Park Add	5,790,000	2007	1,008,119	Gen Fund
8	Id St. School & Hosp.	9,325,000	2026	655,075	H & W
9	Billingsley Creek	6,815,000	2021	537,629	Gen Fund
10	ISU Rendezvous	12,730,000	2024	966,217	PBF
11	BSU Academic West	9,180,000	2024	685,756	PBF
12	UI Learning Ctr.	12,440,000	2024	933,327	PBF
13	LCSC Activity Ctr.	10,625,000	2024	795,174	PBF
14	NIC Health Bldg.	11,665,000	2024	874,333	PBF
15	CSI Fine Arts	5,730,000	2024	430,700	PBF
16	ISP Post Academy	2,425,000	2024	181,334	PBF
19	954 Jefferson St.	1,950,500	2014	234,873	Gen Fund
20	BSU-College of Tech	7,969,353	2017	424,289	PBF
Total		\$205,124,853		\$15,875,806	

* Includes both debt service and rent. Does not exactly match agency request due to anticipated fluctuations in amortization schedules.

**Totals by fund include: estimated PBF: \$8,849,400; estimated General Fund: \$6,537,400; estimated other: \$655,200.

***Two bonds are not paid through the Department of Administration: Idaho Water Center bond payment of approximately \$2.9 million is paid by the Idaho State Building Authority with agency funds; also, the Lava Hot Springs bond payment of \$63,000 is not paid through the Department of Administration.

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2005 Original Appropriation	173.50	8,887,900	36,929,900	173.50	8,887,900	36,929,900
HB 805 One-time 1% Salary Increase	0.00	13,600	75,500	0.00	13,600	75,500
Governor's Rescission	0.00	0	0	0.00	(1,200)	(99,600)
FY 2005 Total Appropriation	173.50	8,901,500	37,005,400	173.50	8,900,300	36,905,800
Removal of One-Time Expenditures	0.00	(13,600)	(281,700)	0.00	(12,400)	(271,400)
Base Adjustments	0.00	0	(936,700)	0.00	0	(847,400)
FY 2006 Base	173.50	8,887,900	35,787,000	173.50	8,887,900	35,787,000
Benefit Costs	0.00	28,000	161,000	0.00	21,600	124,500
Inflationary Adjustments	0.00	10,500	132,000	0.00	0	0
Replacement Items	0.00	147,100	370,500	0.00	0	223,400
Nonstandard Adjustments	0.00	76,400	176,700	0.00	76,400	176,700
Change in Employee Compensation	0.00	14,200	79,300	0.00	14,200	79,300
27th Payroll	0.00	53,600	322,400	0.00	53,600	322,400
FY 2006 Program Maintenance	173.50	9,217,700	37,028,900	173.50	9,053,700	36,713,300
1. Elected Official Rent	0.00	1,830,000	1,830,000	0.00	900,000	900,000
2. Capitol Mall Switches	0.00	27,200	27,200	0.00	0	0
3. Firewall Log Server	0.00	32,900	32,900	0.00	0	0
4. Courthouse Upkeep	0.00	0	6,000	0.00	0	0
5. Borah Building	0.00	0	90,000	0.00	0	90,000
6. Capitol Mall Remodel Project	0.00	0	0	0.00	0	7,665,000
FY 2006 Total	173.50	11,107,800	39,015,000	173.50	9,953,700	45,368,300
Change from Original Appropriation	0.00	2,219,900	2,085,100	0.00	1,065,800	8,438,400
% Change from Original Appropriation		25.0%	5.6%		12.0%	22.8%

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2005 Original Appropriation	173.50	8,887,900	28,042,000	0	36,929,900

HB 805 One-time 1% Salary Increase

Reflects the one-time salary increase authorized by HB805.

Agency Request	0.00	13,600	61,900	0	75,500
Governor's Recommendation	0.00	13,600	61,900	0	75,500

Governor's Rescission

Agency Request	0.00	0	0	0	0
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The Governor recommends removal of funds not needed to implement HB 805. In addition, the Governor recommends removal of risk management funding in excess of needs calculated by the Department of Administration.

Governor's Recommendation	0.00	(1,200)	(98,400)	0	(99,600)
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FY 2005 Total Appropriation

Agency Request	173.50	8,901,500	28,103,900	0	37,005,400
Governor's Recommendation	173.50	8,900,300	28,005,500	0	36,905,800

Removal of One-Time Expenditures

Reflects the removal of one-time items and the one-time salary increase.

Agency Request	0.00	(13,600)	(268,100)	0	(281,700)
Governor's Recommendation	0.00	(12,400)	(259,000)	0	(271,400)

Base Adjustments

Reflects the transfer of funds to the Division of Information Technology for operating expenditures for the IDANET Network Operations Center (\$60,000). The intent is to contract for operations. Also includes a reduction in Permanent Building Fund (\$936,700) in the Division of Public Works' budget to align spending authority with expenditures.

Agency Request	0.00	0	(936,700)	0	(936,700)
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Restore risk management rescission to the base.

Governor's Recommendation	0.00	0	(847,400)	0	(847,400)
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FY 2006 Base

Agency Request	173.50	8,887,900	26,899,100	0	35,787,000
Governor's Recommendation	173.50	8,887,900	26,899,100	0	35,787,000

Benefit Costs

Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are health insurance rates and retirement rates. Health insurance is projected to increase by 9.7% or \$632 per position. Retirement rates are scheduled to increase by 5.9% from 10.39% to 11% of salary for regular employees and by 5.7% from 10.73% to 11.34% of salary for police and firefighters. Other benefit changes include a reduction in unemployment insurance rates, a reduction in Division of Human Resources rates for classified employees, and an increase in workers compensation rates.

Agency Request	0.00	28,000	133,000	0	161,000
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The Governor does not recommend increases related to changes in the Public Employee's Retirement System.

Governor's Recommendation	0.00	21,600	102,900	0	124,500
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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Inflationary Adjustments					
Includes a general inflationary increase of 1.3% in operating expenditures and trustee/benefit payments.					
Agency Request	0.00	10,500	121,500	0	132,000
<i>The Governor recommends no increase for general inflation.</i>					
Governor's Recommendation	0.00	0	0	0	0
Replacement Items					
Includes funding for the replacement of desktop licensing with Microsoft Enterprise Desktop Licensing (\$37,400). This request will allow the Department to enter a maintenance/licensing agreement with Microsoft to ensure that the most current versions of Microsoft operating system and office suite products are installed and operating on Department computers. Also includes increases in WAN maintenance (\$17,300), replacement of second Internet Connection (\$107,600), replacement of tape media (\$2,000), router (\$16,200), and licensing for backup software (\$4,000). For Information Technology, replace the following: three off-road service vehicles (\$36,000 each--one in the Coeur d'Alene area; one in Lewiston and one in Meridian); also replace two snowmobiles in Coeur d'Alene (\$7,000 each) four battery banks (\$9,000 each--one each at Albion, Rigby, Relay Ridge, and Mica Peak); and one radio combiner for \$12,000. Also includes \$16,000 in dedicated funds to replace a 1996 Dodge Ram Delivery Truck for the Division of Purchasing.					
Agency Request	0.00	147,100	223,400	0	370,500
Governor's Recommendation	0.00	0	223,400	0	223,400
Nonstandard Adjustments					
The Statewide Cost Allocation Plan assesses state agencies for their actual use of Attorney General (\$86,000), State Controller (\$2,400) and State Treasurer(\$400) services. Also included are changes in property and casualty insurance premiums (\$10,900) and the cost of office space leased to state agencies by the Department of Administration (\$8,400).					
Includes an adjustment of \$55,600 from the General Fund and \$13,000 in dedicated funds for bond payments to account for changes in amortization schedules that vary year-to-year.					
Agency Request	0.00	76,400	100,300	0	176,700
Governor's Recommendation	0.00	76,400	100,300	0	176,700
Change in Employee Compensation					
Reflects the cost of a 1% salary increase for permanent and group positions.					
Agency Request	0.00	14,200	65,100	0	79,300
<i>The Governor recommends a compensation increase of 1% to be distributed based on merit. No adjustment to the pay line is recommended.</i>					
Governor's Recommendation	0.00	14,200	65,100	0	79,300
27th Payroll					
Reflects the cost of one additional payroll in fiscal year 2006. This happens every eleven or twelve years because there are 364 days in 26 payperiods but a year has 365.242 days.					
Agency Request	0.00	53,600	268,800	0	322,400
Governor's Recommendation	0.00	53,600	268,800	0	322,400
FY 2006 Program Maintenance					
Agency Request	173.50	9,217,700	27,811,200	0	37,028,900
Governor's Recommendation	173.50	9,053,700	27,659,600	0	36,713,300

Department of Administration

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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1. Elected Official Rent

Public Works

The Department requests \$1,830,000 for elected official rent. During the 2003 legislative session and as part of efforts to balance the General Fund budget, the Governor recommended a \$1.2 million cut in the Division of Public Works General Fund appropriation. It was believed at the time that this reduction was warranted because bond payments on three state facilities were being retired. In actuality, the bond payments were being paid for with dedicated funds not, General Funds. The General Fund appropriation was being used for elected officials' rent and to pay for all operating expenses for buildings where elected officials are housed. This request will be used to cover the General Fund shortfall that has occurred since the reduction was made. The services are currently being provided to all elected officials and their professional staff by Facilities Services in the Capitol Mall. Dedicated Fund agencies are subsidizing these services to elected officials. Inadequate revenue has translated into deferred maintenance and repair items as well as contributing to deterioration of facilities.

[BACKGROUND: Previously, the Department had received an appropriation of General Funds based upon current Capitol Mall rental rates applied to the square footage occupied by the elected officials (Judiciary/Supreme Court, Senate, House, Legislative Services, Governor, Lt. Governor, Attorney General, Secretary of State, State Controller, Superintendent of Public Instruction, State Treasurer) and in most cases their professional staff.

The Facilities Services program is funded by a mix of General Fund and dedicated fund appropriations. The Department bills agencies that occupy space in the buildings managed by Facilities Services. The Department also receives a General Fund appropriation for space occupied by elected officials. When the General Fund appropriation was reduced, the balance between General Fund and dedicated fund support was also upset. As a result, dedicated fund agencies now subsidize the rent of elected officials. This subsidy has caused significant issues regarding the Statewide Cost Allocation Plan (filed annually with the federal government) which determines allowable costs that can be charged to federal programs and grants. If unallowable costs or inequitable treatment of federal programs is identified by the federal government, the state must refund the federal government portions of these unallowable costs. The current subsidization of elected official rent by dedicated (and federal) funds has been identified by the responsible federal agency as an unacceptable practice that will result in a penalty and demand for refund in the future. As long as the current situation continues, the future liability continues to grow. At this point, the potential repayment to the federal government is estimated at a little more than \$1 million. Finally, it should also be noted that the \$1.2 million General Fund reduction was in addition to other permanent General Fund base reductions the Department incurred during FY 2002 and FY 2003.

Agency Request	0.00	1,830,000	0	0	1,830,000
Governor's Recommendation	0.00	900,000	0	0	900,000

2. Capitol Mall Switches

Information Technology & Communications

This enhancement requests \$27,200 in General Fund (\$24,300 one-time; \$2,900 on-going) to acquire additional network equipment to be placed in four Capitol Mall buildings which will improve reliability of access to the State-Wide Area Network (WAN). The Department states that this will increase uninterrupted service in critical government functions. The Department is responsible for managing the WAN for state agencies, higher education and elected officials. The WAN supports the exchange of electronic mail, information and Internet access among and for state agencies and the public. This enhancement will allow the Department to acquire network equipment (primarily switches) to be placed in the P.T. Cenarrusa, Len B. Jordan, J.R. Williams and the Statehouse buildings.

Agency Request	0.00	27,200	0	0	27,200
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Not recommended by the Governor.

Governor's Recommendation	0.00	0	0	0	0
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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
3. Firewall Log Server					
Information Technology & Communications					
The Department requests \$32,900 in General Funds (\$26,300 one-time, \$6,300 on-going) to buy equipment to automate the Department's analysis of WAN traffic. This will permit staff to proactively identify suspicious harmful activity. The Department's staff administers and monitors 22 network devices, called "firewalls", that restrict unwanted and unauthorized information and access into the WAN. Each device maintains an activity log. The Department's lone security analyst must manually correlate 22 separate logs in order to identify possible security threats. The equipment purchased by this requested funding will permit automated monitoring of information and access to the WAN. One-time funds will be used to buy a network management console and disk storage and Data Processing Software. On-going funds will be used to pay for maintenance contracts that provide for upgrades and technical support.					
Agency Request	0.00	32,900	0	0	32,900
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
4. Courthouse Upkeep					
Public Works					
The Department requests \$6,000 in dedicated fund spending authority to help maintain the old Ada County Courthouse. Since FY 2002, the Department has managed the vacant courthouse. During this period the Department has performed minimal maintenance on the facility. Services provided include minimal heating in the winter as well as year-round grounds keeping and exterior maintenance (including parking lot maintenance). The primary expenses include heating costs to prevent freezing of the plumbing and watering the grass during the summer months. The funding for this expense has been born by Facilities Services from its existing appropriation. The additional expense of maintaining the Courthouse diverts funds from areas that are of a more critical nature to other occupied Capitol Mall facilities.					
Agency Request	0.00	0	6,000	0	6,000
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
5. Borah Building					
Public Works					
The Department requests \$90,000 in dedicated fund spending authority for operating costs associated with the Borah Building. When the state assumed ownership of the Building, \$650,000 in additional spending authority was provided by the Legislature to Facilities Services in FY 2005 to cover operations and maintenance. The Department had projected that full occupancy of the facility would generate about \$740,000 in annual rent. This request reflects the balance of the projected revenue that will be received when the building is fully occupied. This additional spending authority will allow Facilities Services to take full advantage of anticipated revenue to adequately maintain the facility. This request is for operating funds only to cover costs stemming from maintenance and repair, parts, supplies, utilities, etc. The Department states that if the request is not funded and the building becomes fully occupied, Facilities Services will not have sufficient spending authority to fully utilize the rental income and will not be able to adequately maintain and operate the building.					
Agency Request	0.00	0	90,000	0	90,000
Governor's Recommendation	0.00	0	90,000	0	90,000
6. Capitol Mall Remodel Project					
Bond Payment					
Agency Request	0.00	0	0	0	0
<i>This is a Governor's initiative that provides funding for the debt service payment for bonds to be issued by the Idaho State Building Authority to finance the remodel and renovation of the Capitol building and Capitol Annex.</i>					
Governor's Recommendation	0.00	0	7,665,000	0	7,665,000
FY 2006 Total					
Agency Request	173.50	11,107,800	27,907,200	0	39,015,000
Governor's Recommendation	173.50	9,953,700	35,414,600	0	45,368,300

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<i>Agency Request</i>					
Change from Original App	0.00	2,219,900	(134,800)	0	2,085,100
% Change from Original App	0.0%	25.0%	(0.5%)		5.6%
<i>Governor's Recommendation</i>					
Change from Original App	0.00	1,065,800	7,372,600	0	8,438,400
% Change from Original App	0.0%	12.0%	26.3%		22.8%